Policy on Industrial Use Designations	Policy No	**PCPP 2-3**
	Effective	9-1-99
	Revised	12-5-03
	Revised	8-31-04

The purpose of this policy is to clarify recognized industrial uses to be used in the assessment of development taxes.

Development Taxes for Commercial and Industrial Uses

San Jose Municipal Code Sections 4.46 Building and Structure Construction Tax and 4.47 Commercial-Residential-Mobile Home Park Building Tax impose taxes on buildings or structures intended to be used as commercial and industrial purposes. The tax rate imposed on the commercial use designation is significantly higher than the tax rate imposed on the industrial use designation. Tax rates are set as follows:

BUILDING AND STRUCTURE CONSTRUCTION TAX
- Industrial tax rate is one percent of the valuation.
- Commercial tax rate is one and one-half percent of the valuation.

COMMERCIAL-RESIDENTIAL-MOBILEHOME PARK BUILDING TAX (CRMP)
- Commercial tax rate is three percent of the valuation.

Industrial Category
- An industrial use designation can be granted to speculative shell construction if the intended use is industrial. Industrial use designations must comply with the designated uses listed in the attached table.
- Industrial designations are granted to the company or corporation. Support services such as administrative offices, sales offices, or support facilities that are accessory to the company or corporation are all exempt regardless of site location, except solely retail operations.
- Industrial uses must be documented by completing an Industrial Use Designation form.

Commercial Category
- Uses that do not qualify as industrial or residential will be assessed at a commercial rate.
- If the building shell was classified as an industrial use and the proposed use is commercial, the commercial tax rate will be retroactively collected for that portion of the building shell used as commercial.
- Hotel/Motels are determined by the approved use stipulated in the Planning permit.
- Care or daycare facilities having more than six persons.

Industrial Uses
The following is a list of first permitted uses (only allowed) within the industrial or manufacturing use zones. The listed uses are designated industrial, regardless of use zone location, and are assessed the industrial rate tax.

A. Pre-Existing List of Industrial Uses

- Laboratories (including bioscience laboratories) devoted exclusively to research, product development and testing, engineering development, and sales development.
- Manufacturing facilities
- Photographic processing and developing
- Mini-warehouses
- Production, preservation and preparation of food products for human consumption, excluding public dinning.
- Trade and business schools.
- Repair, cleaning, and servicing of commercial or industrial equipment or products.
- Storage, warehousing and distribution establishments
- Construction and corporation yards.
- Repair and cleaning of vehicles, including boats, excluding gasoline service stations and repair shops installation of tire, battery, brake, muffler and shock absorber, and wheel aligning.
- 9 and 18 hole golf courses.
- Frozen food lockers.

B. Amended Industrial Uses to include the following:

- Industrial services.
- Retail or wholesale commercial entity, single occupant greater than 100,000 gross square feet.
- Sales of office furniture, industrial equipment, machinery.
- Printing and publishing.
- Base load facility.
- Photo-voltaic.
- Sale or lease of commercial trucks, buses, trailers, campers, boats, mobile homes, construction equipment.
- Software development.
- Server farms and co-location facilities.
- Internet providers.
- Telephone switching gears, telecommunication facilities.

C.   Uses that the city council has approved a development agreement by ordinance

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